

# Brownfield and Grayfield Redevelopment Tax Credit Program



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# Brownfield and Grayfield Redevelopment Tax Credit Program

- » Overview
- » Program history (brief)
- » Process
- » A few complete project photographs

# Brownfield and Grayfield Redevelopment Tax Credit Program

What is a Brownfield?

What is a Grayfield?

# Brownfield and Grayfield Redevelopment Tax Credit Program

## Brownfield

- » “...an abandoned, idled, or underutilized industrial or commercial facility where expansion or redevelopment is complicated by real or perceived environmental contamination.”

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » Grayfield

- » “industrial or commercial properties that are vacant, blighted, obsolete, or otherwise underutilized. A grayfield has been developed and has infrastructure in place but the property's current use is outdated or prevents a better or more efficient use of the property.”

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » Grayfield

“...having improvements and infrastructure that are at least twenty-five years old and one or more of the following conditions exists:

- » Thirty percent or more of a building located on the property that is available for occupancy has been vacant or unoccupied for a period of twelve months or more.
- » The assessed value of the improvements on the property has decreased by twenty-five percent or more.
- » The property is currently being used as a parking lot.
- » The improvements on the property no longer exist.”

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » The Program:

- » Applicants range from individuals to corporations
- » Provides transferable investment tax credits
- » Good for 5 years from date of issue
- » Based on owner's equity investment only
- » Purchase price, cleanup costs, redevelopment costs
  
- » **Grayfield = 12% (15% if green)**
- » **Brownfield= 24% (30% if green)**

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » The Program:

- » First come first served until exhausted
- » Only costs incurred and paid after IEDA Board approval
- » Cost Certification required by independent Iowa CPA
- » Maximum of \$1 million per project (10% of allotment)
- » 30 months to complete project
- » Projects not funded due to cap receive priority consideration
  
- » **Grayfield = 12% (15% if green)**
- » **Brownfield= 24% (30% if green)**



# Brownfield and Grayfield Redevelopment Tax Credit Program

## » Green Development Designation

- » “...meets or exceeds the sustainable design standards established by the state building code commissioner pursuant to section 103A.8B.”
- » Sustainable design standards can be found in Iowa Administrative Code section 661—chapter 310.
- » Approval of a redevelopment project as sustainably designed is only granted by the Iowa Building Code Commissioner.

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » Program History

- » May, 2008 Governor Culver signed 2008 Iowa Acts, Chapter 1173 into law
- » Investment deemed to have been made upon project completion
- » Investment prior to Jan. 1, 2009 or after June 30, 2010 didn't qualify
- » \$1 million statewide program cap
- » \$100k maximum per project (10% of total)

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » Program History

- » FY 2010- there were 12 contracts offered
- » Total project expenses just over \$23 million/\$951,036 in tax credits
  - (just over \$23-1)
- » 7 claims for tax credits, \$546,510 issued/just over \$13 million projects
  - (just shy of \$24-1)

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » Program History

- » Governor Branstad signed 2011 Iowa Acts, Chapter 116 into law
- » Program cap raised to \$5 million
- » Required “...an audit of the project, completed by an independent certified public accountant licensed in this state...” (cost certification)
- » \$500k maximum per project (10% of total)
- » Sunset provision: automatic repeal on June 30, 2021

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » Program History

- » FY 2012- there were 21 contracts offered
- » Total project expenses over \$100 million/\$5 million in tax credits
  - (just over \$20-1)
- » 4 claims to date= \$928,076 issued/over \$11 million projects
  - (over \$12-1)
  - Project completion deadlines begin on April 20, 2014

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » Program History

- » FY 2013- there were 16 contracts offered
- » Total project expenses over \$61 million/\$5 million in tax credits
  - (just over \$12-1)
- » 1 claim to = \$500,000 issued/ \$13.5 million project
  - (over \$27-1)
  - Project completion deadlines begin on February 17, 2015

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » Program History

- » Governor Branstad signed HF 620 into law in June, 2013
- » Program cap raised to \$10 million
- » \$1 million maximum per project (10% of total)

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » Program History

- » FY 2014- there have been 19 contracts offered
- » Total project expenses over \$120 million/\$10 million in tax credits
  - (just over \$12-1)
- » 24 Applications in line to date for FY 2015



# Brownfield and Grayfield Redevelopment Tax Credit Program

## » The Process

- » Applications accepted on an ongoing basis
- » Considered first come first served by Brownfield Advisory Council
- » Priority Consideration if cap is reached (remain in line)
- » Recommendations to IEDA Board
- » Award letter followed by contract

# Brownfield and Grayfield Redevelopment Tax Credit Program

## » The Process

- » Upon project completion, claim is submitted to IEDA
  - » Statement certifying project is complete
  - » Articles of Incorporation and Certificate of Existence
  - » Solid or Hazardous waste audit
  - » Release of Confidential Tax Information form
  - » \*Schedule of claimed expenses and supporting documentation\*  
(Cost Certification from independent CPA Licensed in Iowa)
- » Site Visit
- » Review of all submitted claim information by IEDA CFO
- » Tax Credit Certificate issued

# Brownfield and Grayfield Redevelopment Tax Credit Program



Elmira Cellars, Inc.- West Branch

Brownfield \$440,000 Project, \$100,000 Tax Credits

# Brownfield and Grayfield Redevelopment Tax Credit Program



1248 8<sup>th</sup> Street, LLC- West Des Moines

Brownfield \$1,156,446 Project, \$83,036 Tax Credits



# Brownfield and Grayfield Redevelopment Tax Credit Program



Raining Rose, Inc.  
Cedar Rapids

Grayfield \$13,500,000 Project, \$500,000 Tax Credits

# Brownfield and Grayfield Redevelopment Tax Credit Program



Kerker Lofts, LLC- Davenport

Brownfield \$1,331,074 project, \$319,458 Tax Credits



# Brownfield and Grayfield Redevelopment Tax Credit Program



503 Walker, LLC- Woodbine

Grayfield \$1,035,000 project, \$100,000 Tax Credits

# Brownfield and Grayfield Redevelopment Tax Credit Program

» Questions?

» (Now and/or after Zhong with Department of Revenue)